

Message Text

UNCLASSIFIED

PAGE 01 STATE 116003

11

ORIGIN EB-07

INFO OCT-01 AF-08 ISO-00 IO-13 PRS-01 INR-07 AS-01 /038 R

DRAFTED BY EB/IFD/ODF:RHARNISH

APPROVED BY EB/IFD/ODF:JWINDER

----- 076731

R 120526Z MAY 76

FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI

UNCLAS STATE 116003

FOR: USG UNCTAD DELEGATION

E.O. 11652:N/A

TAGS: UNCTAD, SOPN

SUBJECT: PRESS COMMENTS ON UNCTAD IV

1. EDITORIAL REACTION BY THE WALL STREET JOURNAL OF MAY 11 AND THE CHRISTIAN SCIENCE MONITOR FROM MAY 10 TO THE SECRETARY'S UNCTAD ADDRESS ARE REPRODUCED IN THEIR ENTIRETY.

2. THE WALL STREET JOURNAL: UNCTAD AND BEYOND.

HENRY KISSINGER, WHO HAS LONG PROFESSED TO BE BORED BY INTERNATIONAL ECONOMICS, LAST SEPTEMBER UNVEILED BEFORE THE UNITED NATIONS HIS MASTER PLAN FOR DEALING WITH THE ECONOMIC DEMANDS OF THE DEVELOPING "THIRD WORLD."

IF YOU'LL RECALL, HE PROPOSED CREATION OF ENOUGH NEW INTERNATIONAL BUREAUCRACIES THAT LOCATING THEM ALL IN NEW YORK CITY WOULD BALANCE MAYOR BEAME'S BUDGET. THEY INCLUDED: A DEVELOPMENT SECURITY FACILITY (DSF); AND INTERNATIONAL INDUSTRIALIZATION INSTITUTE (III); AND INTERNATIONAL CENTER FOR THE EXCHANGE OF TECHNOLOGICAL INFORMATION (ICETI); A WORLD FOOD RESERVE (WFR); CONSUMER-PRODUCER FORUMS (CPFS); AND INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD); AND AN INTERNATIONAL ORGANIZATION "TO COORDINATE AND FINANCE" TECHNOLOGICAL ASSISTANCE IN NONFOOD AGRICULTURE AND

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 116003

FORESTRY, TO WHICH WE APPLIED THE ACRONYM: IOCFTANAFP.

THE UN'S BUREAUCRATS, OF COURSE, WERE WOWED BY ALL THESE BOLD AND INOVATIVE JOBS, ER, IDEAS. NEVER ONE TO QUIT WHILE HE'S ON A WINNING STREAK, THE SECRETARY OF STATE LAST WEEK WENT BEFORE THE UN CONFERENCE ON TRADE AND DEVELOPMENT IN NAIROBI WITH SOMETHING NEW. OUT OF HIS SLEEVE CAME THE INTERNATIONAL RESOURCES BANK (IRB), WHICH JACK BENNETT OF EXXON--WHO A YEAR AGO WAS TREASURY UNDER-SECRETARY--HAS MILDLY DESCRIBED AS "ONE OF THE WORST IDEAS TO COME OUT OF THE STATE DEPARTMENT IN A LONG TIME." THE IRB, WE'RE TOLD, WILL KILL TWO BIRDS WITH ONE STONE. IT WILL GET CAPITAL FLOWING INTO VITALLY NEEDED MINERAL RESOURCES AND IT WILL VIRTUALLY END THIRD WORLD EXPROPRIATION OF DEVELOPMENT PROJECTS. PRIVATE CAPITAL, YOU SEE, ISN'T GOING INTO SUCH PROJECTS AS EASILY AS IT MIGHT BECAUSE COMPANIES FEAR EXPROPRIATION. THE BANK WOULD BE CAPITALIZED AT 1 BILLION DOLS., WITH THE UNITED STATES PUTTING UP A FIFTH, THE OTHER INDUSTRIAL COUNTRIES AND THE OIL PRODUCERS PUTTING UP THE REMAINDER. THE BANK WOULD SELL UP TO 10 BILLION DOLS. IN BONDS, LEND THE MONEY TO GOVERNMENTS FOR MINING PROJECTS AND SUCH, WITH THE FUTURE OUTPUT OF THE VENTURES PLEDGED AS COLLATERAL FOR THE BONDS. THERE'S A VISION OF A COMPANY BUYING THE IRB BONDS, THE MONEY GOING TO A THIRD WORLD GOVERNMENT WHICH THEN USES IT TO BUY THE COMPANY'S SERVICES IN DEVELOPING THE PROJECT. BECAUSE THE DEVELOPING NATIONS REALLY WANT THE INDUSTRIAL NATIONS TO PUT UP 3 BILLION DOLS. TO STOCKPILE COMMODITIES AS BUFFERS AGAINST PRICE SWINGS, THEY'RE NOT EXACTLY ENCHANTED WITH THE IRB IDEA. AND FOR SOME REASON MR. KISSINGER'S IRB IS BEING PORTRAYED BY THE UNITED STATES AS A "FREE-MARKET" ALTERNATIVE TO THE STOCKPILING IDEA, ALTHOUGH WE FAIL TO SEE HOW AN INTERNATIONAL BUREAUCRACY THAT PARCELS OUT SUBSIDIZED LOANS BEARS ANY RESEMBLANCE TO THE FREE MARKET. AND WHY SHOULD U.S. TAXPAYERS SUPPORT A BANK THAT LENDS MONEY TO COUNTRIES THAT EXPROPRIATE PRIVATE INVESTMENTS? IF THIRD WORLD COUNTRIES WANT INCREASED CAPITAL INVESTMENT THAT IS IN FACT DISCOURAGED BY THE THREAT OF EXPROPRIATION, THEY CAN EASILY WORK OUT IRON-CLAD ASSURANCES NOT TO EXPROPRIATE, OR SIMPLY BUILD A REASONABLE HISTORY OF NONEX-

UNCLASSIFIED

PAGE 03 STATE 116003

PROPRIATION. MR. BENNETT FEARS NOW THAT MR. KISSINGER HAS PUT FORTH HIS SCHEME LOCAL GOVERNMENTS WILL BE TEMPTED TO WAIT FOR THESE SUBSIDIZED LOANS, HALTING NEGOTIATIONS WITH PRIVATE COMPANIES WHO ARE NOW TRYING TO FIND WAYS TO CONTINUE DEVELOPMENT. BUT ONLY THE MOST FOOLISH OF THIRD WORLD GOVERNMENTS WOULD DO THIS, WE THINK, NOT ONLY BECAUSE THE SUBSIDIZED LOANS MIGHT NEVER COME, BUT CHIEFLY BECAUSE THEY'LL

ALWAYS BE BETTER OFF WITH PRIVATE DIRECT INVESTMENT. A STATE-RUN DEVELOPMENT PROJECT WILL INEVITABLY CHEW UP THREE, FOUR OR 10 TIMES THE VALUE OF ANY SUBSIDY, SIMPLY THROUGH BUREAUCRATIC INEFFICIENCIES. THERE'S NO REASON WHY MR. KISSINGER SHOULD BE MAKING ANY PROPOSALS AT ALL IN THIS AREA, EXCEPT THAT IT WINS CHEERS FROM THE INTERNATIONAL BUREAUCRATS AND A FEW OTHERS WITH DAYDREAMS ABOUT WORLD GOVERNMENT. INDEED, THE FLOOR OF THE STATE DEPARTMENT THAT IS GIVEN OVER TO ECONOMIC AFFAIRS COULD EASILY BE COLLAPSED INTO A MEDIUM-SIZED VALISE AND GIVEN OVER TO THE FOLKS AT TREASURY, WHO WILL KNOW WHAT TO DO WITH IT.

3. THE CHRISTIAN SCIENCE MONITOR: VERDICT ON AN AFRICAN SAFARI.

ON BALANCE, U.S. SECRETARY OF STATE HENRY KISSINGER DOUBTLESS EXCEEDED THE EXPECTATIONS OF BLACK AFRICAN LEADERS--AND SOME AMERICANS BACK HOME--WITH THE VARIOUS PROPOSALS HE PUT FORWARD DURING HIS FIRST TOUR OF AFRICA SOUTH OF THE SAHARA. THE POLITICAL HIGHLIGHT CAME IN LUSAKA, ZAMBIA, WHERE THE SECRETARY'S SPEECH PUT UNITED STATES POLICY FIRMLY IN SUPPORT OF BLACK AFRICA AND MAJORITY RULE IN RHODESIA AND AGAINST APARTHEID IN SOUTH AFRICA. ALTHOUGH MUCH WILL DEPEND ON HOW THIS POLICY IS IMPLEMENTED IN WASHINGTON IT NO LONGER WILL BE QUITE SO EASY FOR BLACK AFRICANS TO COMPLAIN THAT THE UNITED STATES HAS NO AFRICAN POLICY. LATER, IN SENEGAL AND KENYA, DR. KISSINGER SET FORTH TWO MASSIVE ECONOMIC PROPOSALS. THE FIRST WAS A 7.5 BILLION DOL. MULTINATION PROJECT TO ROLL BACK THE SAHARA DESERT'S ENCROACHMENTS INTO THE SO-CALLED SAHEL NATIONS OF WEST AFRICA. SECOND WAS HIS NAIROBI PROPOSAL FOR A 1 BILLION DOL. MULTINATION PROJECT FOR A NEW INTERNATIONAL RESOURCES BANK DESIGNED SPECIFICALLY TO AID "THIRD-WORLD" UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 116003

NATIONS.

IN AFRICAN MINDS, THE QUESTION NOW BECOMES: CAN THE SECRETARY DELIVER ON SUCH PROPOSALS AS THESE? IS THE U.S. CONGRESS LIKELY TO APPROVE THE MONEY? WHAT EFFECT WILL THE CONTINUING POLITICAL CAMPAIGN AND THE NOVEMBER PRESIDENTIAL ELECTION HAVE ON THE KISSINGER PROMISES? WHILE PLEASED AT THE POSSIBILITY OF THESE GIANT PROJECTS, AFRICAN LEADERS ARE CERTAIN TO RESERVE JUDGMENT UNTIL THEY SEE DEEDS RATHER THAN WORDS.

AT HOME, THE EQUALLY PERTINENT QUESTION IN SOME AMERICAN MINDS IS: DID DR. KISSINGER BECOME A POLITICAL LIABILITY TO PRESIDENT FORD BY HIS MONEY-SPENDING PROGRAMS FOR AFRICA AT A MOMENT WHEN MR. FORD FEELS INTENSE PRESSURE FROM RONALD REAGAN'S RECENT SUCCESSES IN THE PRIMARIES? AT A MINIMUM, THE PRESIDENT AND SECRETARY ARE LIKELY TO FACE

CRITICISM THAT KISSINGER PROMISED AFRICA MORE THAN UNCLE SAM IS PREPARED TO DELIVER. DOMESTICALLY, THIS COULD DAMAGE THE FORD POLITICAL PROSPECTS AND JEOPARDIZE THE KISSINGER TENURE IN OFFICE--TO SAY NOTHING OF DISAPPOINTING AFRICAN AND THIRD-WORLD LEADERS.

THE TRIP MEANWHILE WAS MARRED BY THE AMERICAN SECRETARY'S INABILITY TO VISIT, FIRST, NIGERIA, ONE OF BLACK AFRICA'S FOREMOST NATIONS, AND, SECOND, GHANA, THE HASTILY IMPROVISED SUBSTITUTE WHICH LATER CHANGED ITS MIND ABOUT WELCOMING DR. KISSINGER. THESE WERE TWO CLEAR-CUT REBUFFS TO THE UNITED STATES IN GENERAL AND ITS TOP DIPLOMAT IN PARTICULAR. THEY CANNOT BE OVERLOOKED IN WEIGHING THE TRIP'S ACHIEVEMENTS AND SHORTCOMINGS. THEY REINFORCE THE VIEWS OF THOSE AMERICANS WHO ARGUE THAT NO SUBSTANTIAL NEW U.S. AFRICAN POLICY IS NECESSARY BECAUSE AT LEAST PORTIONS OF THAT CONTINENT ARE NOT READY TO ACCEPT EVEN A VISIT FROM THE SECRETARY OF STATE.

ASIDE FROM THESE CONSIDERABLE STUMBLING BLOCKS, KISSINGER SPENT TWO WEEKS IN SUB-SAHARAN AFRICA AND MET WITH SIX PRESIDENTS AND BATTALIONS OF MINISTERS AND POLITICAL LEADERS. HE HAS SEEN AND BEEN SEEN, SPOKEN AND LISTENED. HE CANNOT HELP BEING BETTER INFORMED ABOUT AFRICAN PROBLEMS. AFRICANS CANNOT HELP UNDERSTANDING HENRY KISSINGER AND HIS VIEWS A LITTLE BETTER TOO. BUT IT WILL TAKE TIME TO PROVE

UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 116003

WHETHER THIS SAFARI MARKS A GENUINE SHIFT IN U.S. POLICY--OR ONLY A TEMPORARY FLARE-UP OF INTEREST.

4. WE WILL FORWARD FURTHER REACTIONS BY THE FOREIGN AND DOMESTIC PRESS AS THEY BECOME AVAILABLE. KISSINGER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE116003
Document Source: CORE
Document Unique ID: 00
Drafter: RHARNISH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760183-0078
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760562/aaaacbct.tel
Line Count: 206
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2004 by wolfsd>; APPROVED <24 JAN 2005 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS COMMENTS ON UNCTAD IV
TAGS: SOPN, US, KE, UNCTAD
To: NAIROBI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006